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No. 88-811

In The

Supreme Court of the United States

October Term, 1988

BUSINESS COMPUTER CORPORATION,
and MICHAEL D. EATON,

Petitioner,

vs.

U.S. ROBOTICS, INC.,

Respondent.

BUSINESS COMPUTER CORPORATION,

Petitioner,

vs.

PROMETHEUS PRODUCTS, INC.,

Respondent.

PETITIONER'S OPPOSITION TO RESPONDENT'S MOTION FOR ATTORNEYS' FEES AND COSTS

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TABLE OF CONTENTS

Page

I. The Petition Was Not Filed Solely To Prolong This Litigation..... 2

II. The Petition Is Not Frivolous..... 3

III. Conclusion..... 4

TABLE OF AUTHORITIES

Page

CASES

Crumpacker v. Indiana Supreme Court Disciplinary Commission, 470 U.S. 1074, 105 S.Ct. 1829 (1985) 2

Talamini v. Allstate Insurance Company, 470 U.S. 1067, 105 S.Ct. 1824 (1985) 2

CONSTITUTION, STATUTES AND RULES

28 U.S.C. § 1912 1

Supreme Court Rule 49.2 1

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The Respondent, U.S. Robotics, Inc., has moved this Court pursuant to Supreme Court Rule 49.2 and 28 U.S.C. §1912 to award reasonable costs and attorneys' fees for opposing Petitioner's Petition For Writ Of Certiorari. For

the reasons set forth below, Petitioner respectfully submits that Respondent's Motion should be denied.

I. THE PETITION WAS NOT FILED SOLELY TO PROLONG THIS LITIGATION

The alleged basis for Respondent's Motion for an award of costs and fees is that the Petitioner's petition is a frivolous one, being filed solely to prolong this litigation. In support thereof, Respondent cited *Crumpacker v. Indiana Supreme Court Disciplinary Commission*, 470 U.S. 1074, 105 S.Ct. 1829 (1985) and *Talamini v. Allstate Insurance Company*, 470 U.S. 1067, 1072, 105 S.Ct. 1824, 1827 (1985).

These cases are not applicable for the following reason. Those cases deal with clear and obvious defects, i.e. jurisdiction. Even then, this Court denied the motion for attorneys' fees and costs. Further, this Court upheld the principle of freedom of access to the judiciary in a democratic society and the chilling effect the imposition of sanction would have on that access. (*Talamini*, 470 U.S. at 1070-71).

In addition, the factual basis for Respondent's motion is flawed. In support of its arguments, Respondent cited the agreement made and effective as of September 15, 1983 between Business Computer Corporation and Hayes Microcomputer Products, Inc., attached as an appendix to Respondent's Motion. As that agreement plainly states, Hayes, the Licensee, would make payments to Business Computer Corporation totalling Two Million Dollars ($2,000,000) with the last payment due on

the last day of March 1985 (Article IV, page A-4). As Respondent is fully aware, Hayes has made all of these payments, and Hayes has thereby obtained a fully paid-up license under the agreement. Thus, no matter what the outcome of the petition is, no payment whatsoever is due from Hayes.

II. THE PETITION IS NOT FRIVOLOUS

As Petitioner stated in its petition, the question of the level or the magnitude of the presumption of validity has important economic considerations to the patent legal system. In its appeal brief to the Court of Appeals for the Federal Circuit, Petitioner urged the Federal Circuit to adopt the standard that the presumption of validity is enhanced by the result of the re-examination proceeding, where the art before the court is no more relevant than what was presented during the re-examination process. (See page 18, a page of the appeal brief by the Petitioner to the Federal Circuit, attached herewith as an appendix.)

Petitioner urged the Federal Circuit to reverse the District Court opinion because the District Court did not appear to have given *greater* deference due to the Re-Examined Patent having been re-examined by the Patent Office in light of the Pugh reference (prior reference before the Patent Office, cited during re-examination). The Federal Circuit decision showed that the Federal Circuit Court was not inclined to adopt that standard. The Federal Circuit stated:

> "Whether White (the new reference) is no more relevant than Pugh (the prior reference) does not raise a genuine material issue of fact."

Thus, the question of the presumption of validity is not an issue that has been raised for the first time on this Petition. Further, Petitioner has never urged that the burden of proof as a result of the re-examination be shifted. Rather, the question is the magnitude of the presumption of validity.

III.

CONCLUSION

For the reasons set forth above, Business Computer Corporation requests the denial of the Motion by Respondent U.S. Robotics, Inc. for costs and fees.

Respectfully submitted,

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APPENDIX

TABLE OF CONTENTS

Page

I. STATEMENT OF ISSUES 1

II. STATEMENT OF THE CASE 2

III. STATEMENT OF FACTS 4

A. Background 4

B. Eaton Invention 5

C. Patent Office Proceedings 9

D. White Reference 11

IV. ARGUMENT 14

A. Standard Of Review 14

B. Summary Of The Argument 15

C. The District Court Failed To Compare The Relevance Of The White Reference To The Pugh Reference 16

D. The White Reference Is No More Relevant Than The Pugh Reference 18

E. Appellees Have Failed To Carry Their Burden Of Proof In Demonstrating The ABSENCE Of All Material Issues Of Fact .. 21

1. Scope and content of the prior art ... 21

2. Differences between the invention as claimed and the prior art 24

3. Level of ordinary skill 28

4. Claim construction 29

5. Secondary considerations 32

F. The White Reference Was Not Even Prior Art 34

1. The White reference was not on sale 35

2. The White reference was not in public use 37

* * *

considered by the PTO *and* further, the Patent Examiner made specific findings as to its inapplicability.

In *American Hoist & Derrick Co.*, this Court stated that following a successful reissue application,

> [I]t is clearly appropriate that the jury be instructed that because the PTO has now held the claims in suit patentable in light of the additional art discovered by Sowa, its burden of proof of unpatentability has become more difficult to sustain – a fact likewise to be taken into account by the trial judge. *American Hoist & Derrick Co.*, 725 F.2d at 1364, 220 USPQ at 774.

Thus, it was an error for the District Court not to have discussed at all the relevance of the White reference relative to the Pugh reference. Further, the District Court did not appear to have given greater deference due to the Re-Examined Eaton Patent having been re-examined by the PTO in the light of the Pugh reference, as mandated by this Court. This was in error.

D. The White Reference Is No More Relevant Than The Pugh Reference

The similarity between the teaching of the Pugh reference and the White reference was established by Appellant's expert, Richard Calfee (A4286, line 1-7). Specifically,

1. The White reference, like the Pugh reference is an application program (A4286, line 12-16; A4284, line 16-19);

2. The White reference was used in a general purpose S-100 bus type computer – as was the Pugh reference (A4286, line 12-19);

3. The S-100 bus computer of White and Pugh used a Hayes modem board (A4286, line 19-20; A8265 line 17-19);

4. The application programs of White and Pugh were intended for telecommunication purpose (A4286, line 20-22);

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